

The Poor and Their Neighbors: Essays on Behavioral and Experimental Economics

av

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AKADEMISK AVHANDLING

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Paper 1: Thanks but No Thanks: A New Policy to Reduce Land Conflict

Land conflicts in developing countries are costly. An important policy goal is to create respect for borders. This often involves mandatory, expensive interventions. We propose a new policy design which in theory promotes neighborly relations at low cost. A salient feature is the option to by-pass regulation through consensus. The key idea combines the insight that social preferences transform social dilemmas into coordination problems with the logic of forward induction. As a first, low-cost pass at empirical evaluation, we conduct an experiment among farmers in the Ethiopian highlands, a region exhibiting features typical of countries where borders are often disputed.

Paper 2: Experimentation and Social Learning in Small-Scale Agriculture: A Tale of Two Dilemmas

In situations where critical information about new technologies comes from costly experimentation, social learning possibilities create incentives for free-riding. I explore this problem in the context of technology adoption in small-scale agriculture. First, I show that a multistage volunteer's dilemma game arises if experimentation is not divisible and hence should be carried out by a single agent. If experimentation is divisible, the problem becomes a multistage threshold public good game. I then undertake lab experiments to evaluate the net effect of social learning in each game and compare the outcomes. I find that losses from delay in experimentation outweigh efficiency gains from social learning when experimentation is not divisible. On the other hand, efficiency gains from social learning outweigh delay costs when it is possible to share the burden of experimentation. The potential role of social preferences is discussed at the end.

Paper 3: Does Positional Concern Matter in Poor Societies? Evidence from a Survey Experiment in Rural Ethiopia

We investigate attitudes toward positionality among rural farmers in Northern Ethiopia using a survey experiment. On average, we find very low positional concerns both for income per se and for income from aid projects. The results support the claim that positional concerns are positively correlated with absolute level of income. The implications of our results on implementation of aid projects are discussed.

Paper 4: Positional Concerns among the Poor: Does Reference Group Matter? Evidence from Survey Experiments

Previous research on positional concerns suggests a lower degree of positional concerns among people from poor countries. We test if low positional concerns found in the literature may be due to misspecification of the reference groups. We contribute to the limited literature by estimating the positional concerns in a low-income country considering various reference groups. We do so by testing the effect of different reference groups on the positional concerns of a representative sample of individuals in urban Ethiopia. We use a tailored survey experiment that is modified to include multiplicity of reference groups. The results show a low degree of positional concern for income, and that the degree of positional concern is highly stable across different reference groups.

Paper 5: Attitudes toward Uncertainty among the Poor: an Experiment in Rural Ethiopia

We investigate risk and ambiguity attitudes among Ethiopian farmers in one of the poorest regions of the world. Strong risk aversion and ambiguity aversion were found with the Ethiopian farmers. We compared their attitudes to those of a Western university student sample elicited by the same decision task. Ambiguity aversion was similar for farmers and students, but farmers were more risk averse. Our results show that ambiguity aversion is not restricted to Western student populations, and that studies of agricultural decisions may benefit from explicitly considering ambiguity attitudes.

Paper 6: Preferences toward Efficiency and Pro-Sociality: A Comparison across Subject Pools

Mixed experimental results on how social preference motivations fare against efficiency concerns have raised important issues related to representativeness of different subject pools, especially with the divergence of results between economics students and others. This paper extends the experimental investigation to non-Western subjects. We perform experiments that were conducted with Western subjects in earlier studies, but we use Ethiopian university students and small-scale farmers as subjects. Our results show that Ethiopian farmers behave similarly to non-economics students and non-students in Western countries, while Ethiopian economics students behave similarly to economics students in Western countries.

Paper 7: Cooperative Preferences in Teams

This paper experimentally examines the effect of team decision-making on cooperative behavior by using a public goods experiment. We find that teams are more likely than individuals to be free-riders, in line with other empirical findings showing that teams are more selfish. We also find that individuals learn free-riding from their team decision experience.

Keywords: Africa, agriculture, ambiguity attitudes, conditional cooperation, conflict, Ethiopia, experiment, experimentation, farmers, forward induction, free-riding, land grabbing game, land reform, positional concern, poverty, public goods, reference groups, relative income, risk attitudes, social learning, social preferences, subject pool, subjective well-being, survey experiment, team decision, technology adoption, threshold public goods, volunteer's dilemma.

JEL Classification: C78, C90, C91, C93, D03, D60, D63, D64, D81, D83, O12, O13, Q12, Q15, Q16.

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